

Executive Registry

22-1863

DCI/IC 72-0256

4 April 1972

**MEMORANDUM FOR:** Deputy Director for Intelligence  
Chief, Project Review Group, IC Staff

**SUBJECT** : Possible Rand Corporation Study Projects  
for the Central Intelligence Agency

Herewith is a Memorandum for the Record and follow-up letter to a conversation with Mr. John P. White, Vice President of the Rand Corporation. The two are self-explanatory. I would appreciate your reviewing the potential utility of the suggestions made and suggesting a reply to Mr. White's letter. If you wish to follow up, I would suggest nomination of an appropriate officer to carry on the further discussions.



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Executive Director-Comptroller

**Attachments:**

- A. ExDir M/R dtd 25 Feb 72, Subject:  
Mr. Jim Digby, Mr. John P. White,  
The Rand Corporation
- B. Letter to William E. Colby from  
John P. White, dtd 31 March 72

EX-2 2 APR 1972

25 February 1972

## MEMORANDUM FOR THE RECORD

SUBJECT: Mr. Jim Digby, Mr. John P. White, The RAND Corporation

1. At Digby's request, I received Messrs. Digby and White. They referred to the reduction by Congress of certain Defense appropriations which reduces their budget from Defense by almost \$3 million (of a total of about \$25 million). They recognize that they do certain technical work for us and wondered whether it would be feasible to look for more. I stated that from time to time we do have need for external research on a technical level but that on an over-all analytical and substantive level we probably would be inclined to do most of our work in-house. We went into a digression as Mr. Digby tried out some ideas in the field of net assessments and I clarified for him the fact that net assessments are done by NSC and that we stick to foreign intelligence. He went through several types of subjects which might be the subject of study, some of which involved comparative analyses of foreign subjects. I made polite indications of possible interest.

2. I made it clear that I was only a circuit through which the RAND's thoughts could be transmitted to the people who would actually sponsor any activity. I said that I did not want to raise their hopes as we are subject to the same budgetary decline as affects other agencies. Mr. Digby offered to write down some of the thoughts he had expressed in a letter to me and I said that I would be very happy to receive this and circulate it to the people who might (or might not) have an interest therein.

/s/

W. E. Colby  
Executive Director-Comptroller

WEC/ji  
Distribution:

Original - ER  
1 - WEC

DCI/IS 72-0256

*The* RAND *Corporation*

1700 MAIN STREET  
SANTA MONICA, CALIFORNIA 90406

31 March 1972

Honorable William E. Colby  
Central Intelligence Agency  
Washington, D.C. 20505

Dear Ambassador Colby:

It was good to meet you when Jim Digby and I were at the Agency recently. As we said then, we would like to expand our work for the Agency into some broader areas, as well as continue to do the more technical projects of the sort we have been doing for several years.

As you suggested, I have attached a list of possible research topics. Hopefully, you will be able to match them with research needs of the various parts of the Agency. Some of the study areas on the attached list may be more appropriate for [ ] work than for those of the Agency generally, but we shall rely on you to decide about that. Naturally, we shall be pleased to supply further detail on a possible approach and our capabilities.

Jim and I were certainly appreciative of the attention you gave our suggestions, and hope we will be seeing you again in the course of the next few months.

Sincerely,

Original Signed By:  
John P. White

Attachment

MS 2 2 18 PM JS

31 March 1972

## SUGGESTIONS OF POSSIBLE RAND STUDY PROJECTS FOR THE CENTRAL INTELLIGENCE AGENCY

### RECENT WORK

We are very pleased to have carried out several research projects for the Agency recently: (a) a review of automated linguistic techniques; (b) reviews of Soviet cybernetics; (c) organizational and institutional effects on Soviet strategic force posture; (d) studies related to space technology; and (e) studies related to computer technology. We would like to continue doing relatively technical research, as well as the broader kinds of research suggested below.

### SUGGESTED NEW WORK

#### 1. Pact Reaction to Reduced NATO Forces

There may be substantial changes in NATO forces sometime in the next five years, possibly because of MBFR, or possibly because of budgetary pressures in the United States. Rand has done considerable work on restructuring alternatives for NATO and for the U.S. component of NATO. What we would propose to do in this project is to take several alternative NATO postures -- just as assumptions, and not for the sake of evaluating them from the U.S. point of view -- and analyze a likely Soviet reaction to each posture, from the point of view of both rational behavior and Soviet bureaucratic inertia. Similarly, we would propose to look at the reaction of other Pact nations and to consider the non-unitary aspects of Pact behavior.

#### 2. NVN/NLF Reaction to Changes in SVN Posture

It is clear that many changes are occurring in the posture of friendly forces in Southeast Asia. We would suggest the examination of two or more likely SVN military force postures of five years from now, then estimation of likely NVN/NLF reactions to these changes. One quite likely change that might be taken into account in one of the assumed postures would be a greater reliance on a People's Army in SVN. We have done some previous work on what such a structure would look like, as well as its costs and effectiveness. As in the preceding project, this research would involve both rational reactions and estimates of bureaucratic behavior.

#### 3. Useful Ideas from Foreign Forces

This suggested study would be an analog in certain operational and posture management respects to the much more familiar technical intelligence efforts. It might begin with a comparative analysis of the economic implications of producing military forces in the Soviet Union, the UK, Israel, and Sweden, for example. The effort would identify managerial and operating techniques,

as well as organizational ideas which seem to work well in their native habitat. These could be described and presented for consideration in much the same way that a more technical effort might describe a new klystron design. (It is noteworthy that the Agency has successfully used such techniques on a local basis, notably in Indochina.)

4. Value to Soviets of Naval Forces

This project would investigate Soviet beliefs about the rationale for continuing, building up, or decreasing several elements of their naval forces given possible changes in U.S. posture or strategy. Some analysts believe that the Soviet build-up in the Mediterranean was a reaction to the substantial U.S. forces there; available literature could be explored for clues. This may or may not imply that U.S. force reductions in the Mediterranean would be likely to reverse the Soviet build-up. Other analysts believe that much of current NATO strategy does not depend importantly on keeping open Atlantic sea lanes. Should such a belief be translated into a changed posture, what sorts of resource allocations might be expected on the part of the Soviets?

5. Analysis of Soviet Logistics Operations

Rand has made extensive analysis of Air Force logistics systems and has also done some work on Viet Cong logistics. We know that the Agency has done a certain amount on Soviet logistics, but we believe we might bring to bear our substantial experience and technical expertise to explore the more complex aspects of Soviet logistics. One special area of knowledge at Rand has been our estimates of Soviet computer capability, and this can be drawn on to help understand logistics systems.

6. Analysis of Soviet R&D Practices

Rand has done considerable work on various national theories concerning the efficient development of new weapon systems and other high technology segments of the economy. We have already done some work on the Soviet R&D system, and under this project we would propose to analyze specific segments of technology more thoroughly. One good area to look into would be computer technology, particularly the use of computer graphics and man-machine interaction.

7. China's Strategic Intentions

This work would build on two areas of expertise at Rand: (a) studies of bureaucratic behavior and, (b) studies of alternative strategic theories.

There could be several aspects of this work: First, the evaluation of Chinese military capability with respect to capabilities of the Soviet Union. Second,

an exploration of possible Chinese reactions to alternative U.S. postures with respect to bases surrounding China. A third useful line of research would be the delineation of options open to the Chinese for acquiring partners.

#### 8. Regional Studies

Through research in depth on policy alternatives -- usually those affecting U.S. economic or military assistance policies, or security relationships -- Rand has acquired considerable knowledge of a number of countries and could provide the Agency an independent viewpoint on relevant policies. In particular, we have conducted recent studies of Indonesia, Thailand, Laos, Japan, the Philippines, and several Latin American countries.

Many questions are raised by regional groupings of countries; these background studies are relevant in studying the success of groupings varying from the Latin American Free Trade Association to a successor to SEATO or ASEAN. What are the indicators of "success"? Finding such an indicator system would help in keeping track of such developments in a more consistent way.

#### 9. Product Improvement

Two topics in this general area where Rand has considerable experience are: (a) alternative ways to improve career development and professionalism of analysts and (b) techniques and modes of analysis for handling uncertainty.

Prior work on the former has included investigation of economic incentives as well as the selection of effective training methods. Another study has related personal characteristics -- education, measured intelligence, experience -- to job performance.

Expanding on the latter, our uncertainty work has included two broad categories. First, we have worked on problems associated with assembling information under conditions of uncertainty, as represented by Rand's pioneering efforts in the Delphi technique (which organizes expert judgment about uncertain items). Second, we have worked on problems of making decisions under conditions of uncertainty, as represented by Rand's work in applying Bayesian analysis. On a less theoretical level, it would be useful to survey how decisions are made in various fields outside intelligence which must cope with uncertainty, as in market forecasting and weather forecasting.

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*The* **RAND** *Corporation*

JOHN P. WHITE  
VICE PRESIDENT

1700 MAIN STREET  
SANTA MONICA, CALIFORNIA 90406

7 March 1972

[REDACTED]  
Central Intelligence Agency  
DCI/IC/PRG  
Rm. 6E18  
Washington, D. C. 20505

Dear [REDACTED]

It was good to get acquainted recently and to talk about some of the kinds of research Rand might be able to do for your part of the Community.

Because your interests will range over a broad spectrum of Rand's expertise, I would suggest that we follow up with some substantive discussions in three or four areas here in Santa Monica. If this seems useful to you, you might give a call to me or to Jim Digby at (213) 393-0411, and we can set a date convenient to you as well as arrange for the specific topics that should be covered.

Sincerely,

